

Aviation

Aviation Summary

	2010 Actual	2011 Appropriated	2012 Recommended
Revenue			
Facility rentals	\$220,890,000	\$233,856,000	\$245,421,000
Concession revenues	211,251,000	218,556,000	236,672,000
Landing Fees	120,611,000	122,334,000	129,557,000
Aviation fuel tax	23,681,000	17,356,000	24,081,000
Other revenues	15,153,000	18,542,000	19,443,000
Interest	51,653,000	45,485,000	37,169,000
Passenger Facility Charge	102,595,000	99,750,000	104,657,000
Other Nonoperating Revenues	26,351,000	1,186,000	1,327,000
Total Aviation Revenues	\$772,185,000	\$757,065,000	\$798,327,000
Operating Expenditures			
Aviation Department Summary	\$311,812,750	\$340,422,700	\$344,559,900
Total	\$311,812,750	\$340,422,700	\$344,559,900
Expenditures			
Personnel Services	\$83,522,874	\$94,119,697	\$97,289,013
Services and Supplies	182,924,264	\$196,130,931	196,216,816
Internal Services & Misc.	45,365,612	\$50,172,072	51,054,071
Total Operating Expenditures	\$311,812,750	\$340,422,700	\$344,559,900
Personnel Complement			
Aviation Department Summary	1,138.5	1,127.5	1,125.5
Total Personnel Complement	1,138.5	1,127.5	1,125.5
Capital Equipment and Improvements			
Capital Equipment	\$3,858,500	\$3,162,300	\$6,693,400
Capital Improvements	27,125,000	40,125,000	67,125,000
Total Capital Equipment and Improvements	\$30,983,500	\$43,287,300	\$73,818,400
Debt Service Funds			
Airport Interest and Replacement	\$290,898,800	\$310,780,106	\$321,176,707
Total Debt Service Funds	\$290,898,800	\$310,780,106	\$321,176,707
Passenger Facility Charges Projects Fund			
Passenger Facility charges	\$0	\$17,000,000	\$0
Total Passenger Facility Charges Projects Fund	\$0	\$17,000,000	\$0
Worldport			
Worldport	\$1,000,000	\$1,000,000	\$1,000,000
Total Worldport Fund	\$1,000,000	\$1,000,000	\$1,000,000
Concessions Joint Marketing Funds			
Concessions Joint Marketing Funds	\$0	\$0	\$1,000,000
Total Joint Concessions and Marketing	\$0	\$0	\$1,000,000
Total Aviation	\$634,695,050	\$712,490,106	\$741,555,007

Agency Description

The Airport Enterprise Fund manages the operation, maintenance, planning, and development of Denver International Airport (DIA).

Program Descriptions

The **Executive Office** is comprised of the Manager of Aviation, Community Partnership, Organizational Effectiveness, and Communications. It also includes the City services of City Attorney, City Auditor, Small Business Advocacy and Services, and Division of Workforce Development. These are City agencies that provide specific services relating to the operation of the airport.

The **Public Relations and Marketing Division** provides air service development, DIA customer service (paid and volunteer staff), marketing, promotion, advertising, tours, strategy research and government and community affairs.

The **Finance and Administration Division** provides accounting, financial planning, rates and charges administration, debt administration, and Capital Improvement Project planning.

The **Airport Operations Division** has overall responsibility for the safe and efficient day-to-day operation and airfield integrity for DIA's airport operations and public safety and security activities. The Communications Center and Ramp Tower are part of Airfield Operations. Airport operations coordinates airfield activities with national and international transportation systems. These activities include airfield construction, maintenance, snow removal activities, and aircraft de-icing. Airport operations managers perform inspections of all airside and landside facilities, and conduct emergency planning and emergency exercises for the airport in order to maintain the airport's Federal Certificate of Operation. The Airport Operations Ramp Tower controls aircraft traffic on the ramp. Airfield Operations includes the Airport Fire section which is responsible for fire prevention and fire fighting operations at the airport. The Airport operations manager on duty acts as incident commander for all airport emergencies. Public safety and security has overall responsibility for the safety and security of the Airport. It includes Airport Security, Terminal Operations, and Denver Police. It is responsible for notifying the Transportation Security Administration (TSA) of all security conditions within the time set by the appropriate regulations. Airport Security manages the Airport Security Program, employee and visitor badging, vehicle permits, perimeter security, contract security guards, and the security training and violation notice program for all 32,000 airport employees. Terminal Operations manages passenger and baggage screening, passenger screening queue management, employee screening, airline operations including ticket counters, baggage makeup areas, skycaps and electric carts, and the international arrival facility and processing of international passengers. Terminal Operations also provides oversight of the Denver Health paramedics and the ambulance service. Public Safety and Security serves as the primary liaison to all law enforcement agencies at the airport, such as TSA, Federal Bureau of Investigation, CBP, U.S. Immigration and Customs Enforcement, Drug Enforcement Administration, Secret Service, Department of State, etc.

The **Planning and Development Division** oversees management, planning, design and construction to provide the most efficient, functional, cost-effective, environmentally sound, and aesthetically pleasing facilities possible. The Construction Section is responsible for project management, coordination and construction of airfield and roadway projects, project controls and site development/survey. The Design and Structures Section is responsible for the management of airport project design coordination, and management, tenant development, engineering standards for the airport, and the Art Program. The Environmental Section is responsible for overseeing activities at DIA for compliance with environmental regulations. DIA Environmental Services provides compliance assistance and oversight for all tenant and operator activities. These compliance activities are managed through the ISO 14001 certified Environmental Management System. This system includes environmental performance continual improvement targets and objectives. DIA Environmental Services tracks and reports our progress towards these specific targets, goals and objectives. The Planning Section assists in identification, analysis of alternatives and definition of new capital projects to ensure DIA is developed in a timely, efficient, safe, and orderly manner consistent with the Airport Business Plan and FAA regulations. This section handles records management and

geographic information systems. The Noise Office monitors noise and airport abatement. The office also documents noise complaints resulting from DIA aircraft (as required by the intergovernmental agreement between Denver and Adams County); provides information and briefings to community groups and public officials; and supports national aviation noise research projects. The Project Controls and Energy Management Section is responsible for scheduling, estimating and energy management.

The **Technologies Division** provides data center and infrastructure; applications development, integration and maintenance; voice and data networks, radio and wireless; help desk support; passenger systems; information assurance; and project management services. These services are designed to ensure cost-effective operation and maintenance of the technology systems and infrastructure required to support DIA.

The **Maintenance Division** provides a safe and well maintained airport for the traveling public, tenants and employees. This is accomplished through the supervision of maintenance contracts, the repair and maintenance of airport facilities, aeronautical operations areas, landside areas, and the computerized communications, electrical and information systems.

The **Commercial Division** provides concessions management, properties management, landside services and shuttle bus operations. Concessions Management oversees all airport concessions including all aspects of concessions' merchandising planning, awarding of spaces and concession contract administration. Properties Management provides oversight of all other airport properties including airline leases, rental cars, land development, oil and gas wells, and farming. Landside Services provides surface and garage parking, all ground transportation functions and the lost and found office. Transportation provides all shuttle bus service for both the public and employee parking lots.

The **Employee Services Division** provides human resource services through the shared services program of the City's Career Service Authority.

The **Support Services Division** provides contract administration, materials management, risk management, employee timekeeping administration, office services, wellness services, and purchasing.

Strategic Initiatives

- Implement outreach efforts, including the development of publications, to promote information regarding DIA's new vision, mission, strategic plan, and master plan update.
- Find new opportunities to increase nonairline revenue by leveraging the unique aspects at DIA through a master plan for development along the Peña corridor to the Terminal.
- Improve the passenger screening function to provide travelers a safe environment prior to proceeding to airline departure gates.
- Expand self-service options and develop a gate management policy to maximize utilization of gates and related terminal facilities.
- Invest in technology to minimize aircraft taxi time, increase airfield efficiency, track aircraft movements, and minimize delays.
- Implement remote ticket and baggage check-in options to ease travel for departing passengers.
- Continuously work with TSA and airline partners to help reduce security screening wait times for the customers.

- Develop proactive, coordinated runway closure and airfield maintenance plans to maintain airfield efficiency.
- Initiate recommendations from the Master Energy Plan to reduce electricity usage and greenhouse gas emissions, including investigating new alternative energy source products.
- Implement changes to DIA’s waste management and recycling programs that will increase recycling and reduce the amount of waste going to landfills. DIA must comply with the EPA and the State of Colorado’s collection efficiencies or face violations and financial penalties.
- Incorporate sustainability design criteria into all new construction.
- Maintain the ISO 14001 Environmental Management System certification.
- Implement upgrades to DIA’s web site, *Flydenver.com*, to provide answers to traveler questions and make available foreign language translations for international passengers.
- Implement the new DIA parking survey and achieve an average score of 79%. The survey will measure customer’s satisfaction with parking at DIA.
- Implement new performance evaluations and supportive health and wellness programs to support employee health and satisfaction.

Performance Measures

	2009	2010	2011	2012
	Actual	Actual	Estimated	Objective
Total number of passengers	50,167,485	51,985,038	53,364,776	54,447,200
Total number of enplaned passengers	25,128,033	26,024,922	26,682,388	27,223,600

Airfield Efficiency and Safety

Percent of FAR part 139 certification discrepancies resolved within 48 hours	100%	77%	80%	85%
Percent of total delayed arrival minutes attributed to closed runways	8.68%	4.38%	3.51%	Below 20%
Minutes for snow removal on active runways during peak traffic periods	15 min	15.5 min	16 min	Below 25 min
Percent of noise critical aircraft diverted to preferred runways	91.8%	89.06%	88.52%	Above 50%
Rate snow equipment reliability on airfield during snow season	88%	92%	92%	92%

Safety and Security

Percent of employees enrolled in the upgraded biometric program.	5%	45%	100%	on-going
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Environmental Management

Gallons of gasoline per vehicle in DIA’s fleet	644	660	627	614
kWh per passenger of electricity	4.58	4.44	4.96	4.91
Disposed solid waste per passenger	.43	0.41	0.37	0.31
Pounds of hazardous waste per million passengers	6.1	3.6	25.6	25.4
Ratio of pounds of glycol captured to total pounds used	70%	69%	69%	69%

Performance Measures	2009 Actual	2010 Actual	2011 Estimated	2012 Objective
Customer Service and Marketing				
Dollars achieved in print media power rating (in millions)	\$5.0	\$6.4	\$8.0	\$9.0
Average customer service score from the Airports Council International (ACI) quarterly survey	4.18	4.17	4.18	3.95
Average score from ACI survey for washroom cleanliness	4.05	4.01	4.06	3.95
Average score from parking survey	N/A	79%	84%	89%
Financial Performance				
Bond ratings	A+/A1	A+/A1	A+/A1	A+/A1
Gross concession revenue per enplaned passenger	\$9.63	\$9.90	\$10.13	\$10.20
Cost per enplaned passenger	\$12.72	\$11.77	\$11.98	Below \$13.50
Net revenue to be split with airlines (in millions)	\$50.4	\$87.9	\$91.4	\$103.1
Employee Satisfaction				
Participation in employee survey	0%	0%	51%	45%

Performance Context

- Many of the 2011 estimated measures are reported as of the first quarter of 2011.

Airfield Efficiency and Safety

- **Federal Aviation Regulation (FAR) part 139** is the regulation that governs certification of airports for scheduled air service. DIA has been successful at resolving all certification discrepancies as promptly as possible if there is a delay there has to be a reason, like if the beacon is out and parts need to be ordered it take longer than 48 hours.
- DIA has been successful in maintaining airfield efficiency by keeping the **percentage of total delayed arrival minutes attributed to closed runways** to 4.38 percent. The goal is under 20 percent.
- The amount of time for **snow removal on active runways during peak traffic periods** is well below 25 minutes to allow airlines to achieve optimum on-time departures.
- The goal is to divert 50 percent or more of **noise critical aircraft to preferred runways**.
- The **reliability rate on all airfield snow equipment during the snow season** of 85 percent is based on problems due to age of the snow removal equipment, which is primarily, but not limited to, snow blower age.

Safety and Security

- DIA strives to enhance the airport security program to exceed federal standards using technology, consistent security enforcement and innovative ideas. The **Safety and Security** measures showcase DIA’s work with the TSA to implement new security programs and improve wait times for passengers.

Environmental Management

- While there are no industry standards, DIA is making efforts to **use less than 524 gallons of gasoline per vehicle in DIA’s fleet** to save money and reduce greenhouse gas emissions, which will benefit DIA in the event the airport’s operations trigger reporting.
- Using **less than 4.91 kWh per passenger of electricity** shows DIA’s electricity usage reduction goal. Industry standards do not exist. However, most municipalities have implemented strategies through climate action/sustainability plans to reduce electricity usage for the same reasons mentioned above.

- There are no industry standards for non hazardous **solid waste per passenger**, but DIA is already making efforts to generate less than 0.31 pounds of solid waste per passenger. In addition, the FAA is looking at requiring recycling (which is a diversion of solid waste from the landfill) in the reauthorization and ACI is establishing a benchmark for solid waste recycling and has included recycling in Board approved environmental goals. As the cost of land filling and for transporting waste to landfills keeps increasing consistently, DIA is seeking to deflect additional costs through recycling and composting.
- There are no industry standards for **pounds of hazardous waste** reduction, but the generation of hazardous waste increases DIA’s liability, regulatory scrutiny, worker exposure, and cost. DIA’s goal is to generate less than 26 pounds per million passengers. This hazardous waste tends to be small and accumulates over a couple of years before it is disposed of, which explains the decrease between 2008 and 2009.
- Glycol is the active ingredient in the fluid used to de-ice aircrafts to prevent ice accumulation. DIA has a goal of 69 percent for the **ratio of pound of glycol captured to total pounds used**, which is a best management practice that will surpass the new EPA regulations requiring collection efficiencies. The State of Colorado has more stringent requirements and the goal of 69 percent will keep the collection system operating at full capacity and will prevent DIA from being subject to violations and financial penalties.

Customer Service and Marketing

- The goal of **print media power** is to achieve \$9 million, which is the cost for DIA to pay advertising rates for the amount of space print media devotes to DIA for free during that year.
- The benchmark is to achieve a rating of 3.95 or higher on the **Airports Council International (ACI) quarterly survey** for both customer service and bathroom cleanliness.
- The benchmark is to achieve a rating of 89% for the parking survey.

Financial Performance

- **Bond ratings** are important to borrowing and interest rates. DIA received A+/A1 ratings from Moody’s, Standard and Poor’s, and Fitch.
- **Gross concessionaire revenue** is the amount passengers spend while at DIA on concessions per passenger. The goal is \$10.20 or more per passenger.
- **Cost per enplaned passenger** is the cost paid by airlines for the operating cost, debt services and amortization of the airport divided by the number of enplaned passengers annually. The goal is to maintain a cost per passenger of \$13.50 or lower.

Employee Satisfaction

- An employee survey was not conducted in 2009 or 2010, but the goal is to maintain at least a 45 percent **participation rate in the employee survey**.

Budget Highlights

	2010	2011	2012	\$	%
	<u>Actual</u>	<u>Appropriated</u>	<u>Recommended</u>	<u>Change</u>	<u>Change</u>
Expenditures					
Personnel Services	\$83,522,874	\$94,119,697	\$97,289,013	\$3,169,316	3.4%
Supplies and Materials	182,924,264	196,130,931	196,216,816	85,885	.0%
Capital Equipment	0	0	0	0	0.0%
Internal Services and Misc.	<u>45,365,612</u>	<u>50,172,072</u>	<u>51,054,071</u>	<u>881,999</u>	<u>1.8%</u>
	\$311,812,750	\$340,422,700	\$344,559,900	\$4,137,200	1.2%

Denver International Airport

73810-6000000

Budget Highlights	2010	2011	2012	\$	%
	<u>Actual</u>	<u>Appropriated</u>	<u>Recommended</u>	<u>Change</u>	<u>Change</u>
Executive Office	\$4,444,671	\$6,867,900	\$7,263,400	\$395,500	5.8%
Public Relations & Marketing	5,780,769	7,238,800	7,122,500	-166,300	(1.6%)
Finance and Administration	32,116,243	33,986,200	34,671,700	685,500	2.0%
Airport Operations	52,559,278	55,882,100	56,946,800	1,064,700	1.9%
Planning and Development	31,614,029	36,371,200	37,265,300	894,100	2.5%
Technologies	16,048,969	17,432,200	18,024,900	592,700	3.4%
Maintenance	115,221,102	124,558,700	125,241,400	682,700	0.5%
Commercial	44,376,625	46,787,200	48,044,200	1,257,000	2.7%
Employee Services	1,163,336	1,505,900	1,491,300	(14,600)	(1.0%)
Support Services	8,487,729	9,792,500	8,488,400	(1,304,100)	(13.3%)
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
	\$311,812,750	\$340,422,700	\$344,559,900	\$4,137,200	1.2%

Personnel Complement (Budgeted)

Executive Office	51.5	12.0	13.0	1	8.3%
Public Relations & Mktg.	75.5	66.5	60.5	(6)	(9.0%)
Finance and Administration	108.5	71.0	83.0	12	16.9%
Airport Operations	160.5	142.5	141.5	(1)	(0.7%)
Planning and Development	82.0	88.0	78.0	(10)	(11.4%)
Technologies	76.0	80.0	85.0	5	6.3%
Maintenance	471.5	491.5	498.5	7	1.4%
Commercial	110.0	112.0	108.0	(4)	(3.6%)
Employee Services	0.0	2.0	2.0	0	0.0%
Support Services	0.0	62.0	56.0	(6)	(9.7%)
Other	<u>3.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	<u>0.0%</u>
	1,138.5	1,127.5	1,125.5	(2.0)	(0.2%)

Revenue

The major sources of operating revenue for the Airport Enterprise Fund are:

(\$ in thousands)	2010	2011	2012
	<u>Actuals</u>	<u>Projected</u>	<u>Projected</u>
Operating Revenues			
Landing Fees	\$120,611	\$122,334	\$129,557
Facility Rentals	220,890	233,856	245,421
Concessions	211,251	218,556	236,672
Aviation Fuel Tax	23,681	17,356	24,081
Other	<u>14,813</u>	<u>17,938</u>	<u>19,443</u>
Total Operating	\$591,246	\$610,040	\$655,174
Non-Operating			
Interest	\$51,653	\$45,485	\$35,862
Stapleton Capital Fund	133	378	100
Worldport	207	226	207
Concession Joint Marketing Fund			1,000
Passenger Facility Charge	102,595	99,750	104,657
Other	<u>26,351</u>	<u>1,186</u>	<u>1,327</u>
Total Non-Operating	\$180,939	\$147,025	\$143,153
Grand Total	\$772,185	\$757,065	\$798,327

Landing fees are charged per 1,000-pound unit of aircraft landed weight and are calculated to cover airfield operating expenses net of nonairline airfield revenue. Fees are adjusted annually.

Facility rentals include revenue from the terminal, hangars, ramps, and other buildings. Rates are based on cost recovery of land, construction and associated indirect costs.

Concessions revenue includes car rental, parking, food and beverages, and merchandise.

Aviation Fuel Tax includes State and City fuel tax. The City aviation fuel tax is two cents per gallon of fuel sold at DIA. The City's General Fund also collects two cents per gallon. The State aviation fuel tax is based on a calculation using gallons sold and the cost per gallon. DIA receives 65% of the State aviation fuel taxes paid to the State of Colorado.

Stapleton Capital Fund revenue is the interest earned on the selling of property at Stapleton.

Worldport revenue comes from tenant leases and is used to operate the Worldport investment property purchased by the Airport in 2008.

Concession Joint Marketing Fund revenue comes from 1% of concession gross revenues. Uses of this fund will be for marketing, training, customer service programs, and the Premium Value Concessions Program for all DIA Concessionaires.

Passenger Facility Charge is \$4.50 per enplaned passenger. Revenues are used for debt service and capital projects that must be in accordance with FAA guidelines.

Significant Budget Changes by Program

Aviation

- A net increase of \$3.2 million in personnel costs including an increase of \$1.2 million for health & dental benefits, an increase of \$461,000 from increased contributions to the city retirement plan, an increase of \$102,000 for premium pay, and an increase of \$1.4 million for merit increases which is held in a separate account pending an implementation decision. The airport has budgeted for 5 furlough days in 2012. The total FTE count was reduced by 2.0 with a decrease of 3.0 FTEs from the consolidation of Kronos within the City and the addition of 1.0 FTE for an additional Mayor Appointee.
- A net increase of \$86,000 in contracts, supplies and materials consisting of an increase of \$2.4 million in professional services contracts, an increase of \$1.4 million in the parking contract, an increase of \$585,000 in the AGTS train contract, an increase of \$562,000 in the janitorial contract, an increase of \$445,000 management consulting, an increase of \$398,000 in fuel, an increase of \$368,000 in shuttle buses, an increase of \$363,000 in architectural and engineering services, a decrease of \$2.3 million in the repair and maintenance of technical equipment, a decrease of \$1.4 million in the letter of credit fees, a decrease of \$982,000 in insurance, a decrease of \$761,000 in the elevator contract, a decrease of \$723,000 in Repair & Maintenance of building equipment, and a decrease of \$268,000 in other contracts and supplies.
- A net increase of \$882,000 in internal services including an increase of \$656,000 in police personnel costs, an increase of \$406,000 in fire personnel costs and a decrease of \$180,000 in other internal service costs.

Debt Service

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Service Requirements			
73820-6000000 Airport Interest & Replacement	\$290,898,800	\$310,780,106	\$321,176,707
73050-6000000 Subordinate Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Service	\$290,898,800	\$310,780,106	\$321,176,707

Passenger Facility Charges (PFC):

	<u>2010</u>	<u>2011</u>	<u>2012</u>
73760-6000000 Passenger Facility Charges Projects Fund	\$0	\$17,000,000	\$0

The PFC Projects Fund will fund Capital Improvement Projects authorized by the Federal Aviation Administration. There were no projects in 2010.

Worldport:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
73910-6000000	\$1,000,000	\$1,000,000	\$1,000,000

The Worldport Fund is for the operation and maintenance of the Worldport investment property purchased by the Airport in 2008.

Concessions Joint Marketing Fund:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
73880-6000000	\$0	\$0	\$1,000,000

The Concession Joint Marketing Fund has been established for DIA’s Concessions Program and is funded by capturing 1% of concession gross revenues. Uses of this fund will be for marketing, training, customer service programs, and the Premium Value Concessions Program for all DIA Concessionaires.

Capital Equipment and Improvements – 73850-6000000

Capital Equipment and Improvements Fund	<u>2010</u>	<u>2011</u>	<u>2012</u>
Capital Equipment	\$ 3,858,500	\$ 3,162,300	\$ 6,693,400
Capital Improvements:			
Net Revenue Deposit for Capital Improvements	27,000,000	40,000,000	67,000,000
Noise Penalty	0	0	0
Route Incentive	0	0	0
Stapleton Operations Costs	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Total Capital Equipment and Improvements	\$30,983,500	\$43,287,300	\$73,818,400

The 2012 Aviation Capital Equipment and Improvements Fund includes \$6,693,400 in equipment purchases, \$67,000,000 estimated net revenue deposit for capital improvements, and \$125,000 of operating costs at the former Stapleton Airport site.

Capital Equipment

Item	Quantity	New/Replacement
Trucks	20	Replacement
Snow Equipment	6	Replacement
Loaders	4	Replacement
Tractors	6	Replacement
Sweepers	8	Replacement
Lifts	2	Replacement
Striper	1	Replacement
Emergency Vehicles	2	Replacement
Mower	1	Replacement
Pressure Washers	2	New